

Message Text

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16

ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 NIC-01 SAJ-01 EB-11 COME-00

SCEM-02 SCI-06 INT-08 OMB-01 ACDA-19 IO-14 NEA-10

TRSE-00 DRC-01 /162 W

----- 118005

O 291059Z DEC 73

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 7098

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW IMMEDIATE

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

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E.O. 11652: N/A

TAGS: PFOR, PL, UR

SUBJECT: POLISH FOREIGN TRADE MINISTER INDICATES ASSURED
SOVIET OIL SUPPLY

REF: MOSCOW 15958; WARSAW 6471

1. SUMMARY: FOREIGN TRADE MINISTER TADEUSZ OLECHOWSKI, IN A
TRYBUNA LUDU INTERVIEW PUBLISHED DEC 29 FOLLOWING
SOVIET FOREIGN TRADE MINISTER PATOLICHEV'S DECEMBER 27-29
VISIT HERE, CONFIRMED THAT IN 1974 AND SUCCESSIVE YEARS
POLAND WILL CONTINUE TO RECEIVE "A SUBSTANTIAL SUPPLY"
OF CRUDE OIL AND OTHER RAW MATERIALS FROM THE SOVIET
UNION AT PREVIOUSLY AGREED PRICES, DESPITE THE WORLD
MARKET SITUATION. CURRENT WORLD MARKET CIRCUMSTANCES,
OLECHOWSKI POINTED OUT, CLEARLY DEMONSTRATE THE SIGNIFI-
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CANCE OF PLANNED AND LONG-TERM ECONOMIC TIES BETWEEN

POLAND AND THE SOVIET UNION. HOWEVER, HE INDICATED A DIRECT LINKAGE BETWEEN THE SOVIET SUPPLY OF OIL AND OTHER RAW MATERIALS AND POLAND'S PARTICIPATION IN JOINT PROJECTS SUCH AS THE CONSTRUCTION OF CELLULOSE AND ASBESTOS PLANT IN THE SOVIET UNION, THUS SUGGESTING ONE ELEMENT OF POLAND'S SIDE OF THE BARGAIN. END SUMMARY.

2. DURING PATOLICHEV'S TWO-DAY VISIT HE WAS RECEIVED BY FIRST SECRETARY GIEREK AND PREMIER JAROSZESICZ AND CONDUCTED TALKS WITH OLECHOWSKI, ACCORDING TO THE PRESS. A PROTOCOL SIGNED ON DECEMBER 28 CALLS FOR 15 PERCENT INCREASE IN NEXT YEAR'S IMPORTS FROM THE SOVIET UNION, INCLUDING, IN ADDITION TO OIL AND OTHER RAW MATERIALS, SUPPLIES FOR THE INTERNAL MARKET, HEAVY MACHINERY, TOOLS FOR LIGHT INDUSTRY, LOCOMOTIVES, AUTOMOBILES, AND SIMILAR PRODUCTS. POLAND WILL FURNISH SHIPS, FARM MACHINERY, ELECTRONIC TOOLS, AND VARIOUS CONSUMER ITEMS, IN ADDITION TO TRADITIONAL RAW MATERIALS SUCH AS HARD COAL AND COKE. THE OVERALL TRADE TURNOVER IS TO INCREASE BY 11 PERCENT. GIVEN THE 15 PERCENT INCREASE IN IMPORTS FROM THE USSR, THIS SUGGESTS A PLANNED INCREASE IN THE POLISH TRADE DEFICIT WITH THE SOVIET UNION AND ADDITIONAL SOVIET CREDITS.

3. COMMENT: OLECHOWSKI. STATEMENT TENDS TO CONFIRM SPECULATION THAT THE QUESTION OF THE SUPPLY AND PRICE SOVIET OIL HAD BEEN AN IMPORTANT TOPIC OF POLISH-SOVIET DISCUSSION OVER THE PAST FEW WEEKS, INCLUDING GIEREK'S RECENT TALKS WITH BREZHNEV IN MOSCOW. ALTHOUGH THE WORDING OF THE PROTOCOL AND THE OLECHOWSKI INTERVIEW SUGGEST THAT SOVIET PRICES ON PETROLEUM EXPORTS TO POLAND HAVE NOT BEEN INCREASED, WE NOTE THAT THE PROTOCOL LISTS BITUMINOUS COAL AND COKING COAL AT THE TOP OF THE LIST OF TRADITIONAL POLISH EXPORTS OF BASIC RESOURCES TO THE SOVIET UNION, WHICH WILL BE CONTINUED. SINCE COAL, LIKE OIL, WILL NOW COMMAND PREMIUM PRICES ON WORLD MARKETS, A SIGNIFICANT ROLE IN THE ESSENTIALLY BARTER ARRANGEMENT WITH THE SOVIET UNION MAY BE PLAYED BY INCREASED COAL EXPORTS AT THE OLD PRICE TO OFFSET THE SOVIET "SACRIFICE" OF MAINTAINING PREVIOUSLY ESTABLISHED LIMITED OFFICIAL USE

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PETROLEUM PRICES. IT APPEARS THAT THE POLES HAVE INDEED INSURED VITAL SUPPLIES OF OIL AND OTHER RAW MATERIALS FROM THE USSR FOR 1974. AS FAR AS THE PRICE QUESTION IS CONCERNED, IT WOULD REQUIRE AN ANALYSIS OF THE PRICES THE USSR HAS AGREED TO PAY FOR INCREASED SHIPMENTS OF POLISH CONSUMER GOODS AND COAL BEFORE ONE COULD MAKE AN OVERALL JUDGMENT. DESPITE OLECHOWSKI'S STATEMENTS ON MULTI-YEAR COMMITMENTS, THE PROTOCOL IS NEGOTIATED

ANNUALLY AND THE BASIC DOCUMENT EXPIRES AT THE END OF
1975.
DAVIES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, PETROLEUM, SUPPLIES, MINISTERIAL VISITS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973WARSAW06516
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973121/aaaaaaq.tel
Line Count: 118
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: MOSCOW 15958; WARSAW 6471
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by martinml>; APPROVED <30-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLISH FOREIGN TRADE MINISTER INDICATES ASSURED SOVIET OIL SUPPLY
TAGS: PFOR, PL, UR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005